

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-20 STR-08

CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 /169 W

----- 066096

R 101832Z JAN 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9654

INFO AMEMBASSY VIENNA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION BERLIN

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL HAMBURG

AMCONSUL FRANKFURT

AMCONSUL STUTTGART

AMCONSUL MUNICH

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VIENNA FOR GEORGE DIETZ

DEPARTMENT PASS TREASURY, FEDERAL RESERVE AND EXIM

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: LIBERALIZATION OF BARDEPOT

REF: (A) BONN 425; (B) BONN 17530

1. SUMMARY: RELAXATION IN THE BARDEPOT (AND
RELATED LICENSING REQUIREMENTS) EFFECTIVE JANUARY 1,
1974, GRANTS (1) AN AUTOMATIC EXEMPTION FOR IMPORT
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CREDITS UNDER SIX MONTHS, (2) A MORE LIBERAL

EXEMPTION FOR FINANCIAL CREDITS TIED TO FRG IMPORTS
(EXIM CREDITS), (3) MORE LIBERAL RULES FOR
FINANCING GERMAN INVESTMENT ABROAD, AND (4) MORE
DISCRETIONARY AUTHORITY TO THE BUNDESBANK.
END SUMMARY

2. IN LINE WITH THE EXPECTATIONS REPORTED IN REF B,
THE GOVERNMENT HAS NOW CHANGED THE BARDEPOT
ORDINANCE, PRIMARILY IN AN EFFORT TO FACILITATE
EXTERNAL FINANCING OF GERMAN IMPORTS. THE
MODIFICATIONS, CONTAINED IN A DECREE MEANWHILE
PUBLISHED IN THE FEDERAL GAZETTE, BECAME EFFECTIVE
JANUARY 1, 1974, AND COMPRISE THE FOLLOWING:

(A) ALL SUPPLIER OR TIED FINANCIAL CREDITS FOR
FRG IMPORTS ARE EXEMPT FROM THE BARDEPOT AND
LICENSING REQUIREMENTS IF THEIR MATURITIES DO NOT
EXCEED SIX MONTHS.

(B) LONGER PAYMENT TERMS FOR SUPPLIER CREDITS
REMAIN EXEMPT FROM THE BARDEPOT AND LICENSING
REQUIREMENTS AS HERETOFORE AS LONG AS THEY ARE
"COMMERCIALY CUSTOMARY."

(C) FINANCIAL CREDITS WHICH ARE TIED TO AN
FRG IMPORT (I.E., EXIM CREDITS) AND WHICH HAVE A
MATURITY OVER SIX MONTHS ARE EXEMPTED FROM THE
BARDEPOT AND LICENSING REQUIREMENTS IF (1) AS
PREVIOUSLY, THE TERMS OF PAYMENTS CORRESPOND TO
THE "COMMERCIALY CUSTOMARY TERMS OF PAYMENT FOR
CREDITS GRANTED BY THE SUPPLIER OR (2) AS WAS NOT
REPEAT NOT THE CASE BEFORE, THE MATURITY DOES NOT
EXCEED THE MATURITY OF TIED FINANCIAL
CREDITS WHICH WERE "COMMERCIALY CUSTOMARY" BEFORE
FEBRUARY 4, 1973, AND WHICH WERE TAKEN UP OUTSIDE
THE FRG.

(D) AN EXEMPTION OF TIED FINANCIAL CREDITS FOR
PREPAYMENTS ON IMPORTS, PROVIDED THAT SUCH REPAYMENTS
ARE COMMERCIALY CUSTOMARY.

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3. MOREOVER, TRANSIT TRADERS ARE NOW PERMITTED TO TAKE ADVANTAGE OF PAYMENT TERMS GRANTED BY THEIR FOREIGN SUPPLIERS OR TO TAKE UP TIED FINANCIAL CREDITS, IF AND TO THE EXTENT THAT THEY (THE TRANSIT TRADERS) THEMSELVES GRANT PAYMENTS TERMS TO THEIR FOREIGN CUSTOMERS.

4. TO FACILITATE FINANCING OF GERMAN INVESTMENTS ABROAD, BARDEPOT REQUIREMENTS NO LONGER APPLY TO CREDITS FOR THE FOLLOWING PURPOSES: (A) EQUIPPING OF ENTERPRISES IN WHICH THE RESIDENT MERELY HOLDS A PARTICIPATION; (B) LOANS TO ENTERPRISES; AND LIMITED OFFICIAL USE

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(C) PURCHASE OF LAND AND CONSTRUCTION OF BUILDINGS.

5. THE BUNDESBANK IS ALSO GIVEN THE AUTHORITY TO GRANT A PARTIAL OR FULL BARDEPOT EXEMPTION IN HARDSHIP CASES.

6. COMMENT: THE EXEMPTIONS GIVEN TO TIED FINANCIAL CREDITS SHOULD RESULT IN ALL, OR MOST ALL, EXIM CREDITS BEING EXEMPTED FROM THE BARDEPOT AND LICENSING REQUIREMENTS. FURTHER CHANGES OF THE BARDEPOT RULES MAY BE FORTHCOMING AFTER A CABINET

MEETING ON RELAXATION OF FRG CAPITAL CONTROLS
IN GENERAL SCHEDULED FOR JANUARY L6 (SEE REF A).
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Message Attributes

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TAGS: EFIN, GE
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Type: TE
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